ISSN: 0975-833X

Available online at http://www.journalcra.com

International Journal of Current Research
Vol. 12, Issue, 03, pp.10643-10656, March, 2020

DOI: https://doi.org/10.24941/ijcr.38272.03.2020

INTERNATIONAL JOURNAL OF CURRENT RESEARCH

RESEARCH ARTICLE

# EFFECT OF ENVIRONMENTAL ISSUES DISCLOSURE AND STOCKPRICE VOLATILITY IN NIGERIAN FINANCIAL MARKET

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ARTICLE INFO

*Article History:*
Received 24th December, 2019
Received in revised form
10th January, 2020
Accepted 28th February, 2020
Published online 28th March, 2020

*Key Words:*
Deposit Money Banks, Financial Market, Investment decision, Social Issues, Stock Price Volatility.

ABSTRACT

Environmental issues disclosure and stock price volatilityhave featured prominently in the global debate on the financial market. Studies have shown that investors are agitated about stock price volatility due to non-disclosure of some vital environmental issues. Studies abound, especially in the created nations, on the impact of environmental issues disclosure onstock price volatility.This study investigated the effect of environmental issues disclosure on stock price volatility in Nigerian financial market. The study adopted survey research design by administering six hundred copies of structured questionnaire to the staff of eleven selected banks out of the twenty-one Money Deposit Banks in Nigeria as at 31/12/17, using event criterion based on those banks with complete information and continually listed during the period of the study 2008-2017. The regression analysis was adopted in testing the hypothesis formulated. The findings revealed that environmental issues disclosure had significant positive effects onStock Price Volatility (SPV) (*Adj.* $R^2$ = .114,$F$ (4, 476) =16.47,$p$<0.05)in the Nigerian financial market. The study concluded that disclosure of environmental issues influenced Stock Price Volatility in the Nigerian financial market. The study therefore, recommended that non-financial information should be captured in the financial statements to engender investors' confidence in the Nigerian financial market.

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**Citation:** ***Onichabor P.O.*** **2020.** "Effect of environmental issues disclosure and Stockprice volatility in Nigerian financial market.", *International Journal of Current Research*, 12, (03), 10643-10656.

## INTRODUCTION

Theglobal financial crisis (GFC) between 2007-2009 led to the collapse of many major firms around the world and served as a wake-up call for investors in the financial markets in particular and other stakeholders in general to demand for greater non-financial information disclosure and audit (Sayema, Zulkifli, & Zainal, 2018). The investors were awakened to the apparent danger in the firms where they have entrusted their investments. The GFC gave impetus for search light into environmental, social and governance issues. Captains of industries became more conscious of their responsibility for accountability to stakeholders just as investors demand for greater disclosure of environmental issues information. The GFC witnessed a period of unprecedented stock price volatility, mammoth trading losses, hyperinflation, and huge loss of jobs to mention but a few. It is against this backdrop that this study set out to investigate the impact of environmental issues disclosure on the stock price volatility in the Nigerian stock market.

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**Objective of the paper:** In view of the universal awareness of environmental issues measured by environmental issues, social issues and governance issues, this paper set out to investigate to what extent the these environmental issues influences the rapid stock price fluctuation in the Nigerian financial market. The null hypothesis formulated was to the effect that environmental issues does not have any significant effect on the stock price volatility in Nigerian financial market.

### Literature Review

The business world has encountered drastic changes in the last two decades due to global financial crisis (GFC), which evidenced the inescapable interconnectivity of the world economy. This escalated to the apprehension of companies for ethical behavior, oversight of risk, accountability and the ability to manage stakeholders strategically. In the process of this monumental change, stock market investors' have become concerned regarding environmental, social and governance (ESG) issues of the companies involved. Such views are gaining prevalence and are regarded as one of the key elements towards the sustainable development of a nation and the world in a broader sense, considering that ESG combines sustainable return and risk reduction, with accountability towards the environment and society.

When investing, ESG issues account for diverse non-financial aspects of a firm's performance, for instance the firm's operational impact on the natural environment (carbon emission, energy, and water use), society ( fair trade principles, health and safety, product safety, and philanthropy) and corporate governance quality (corruption and bribery, broad independence, and stakeholder protection (Przychodzen, Gomez-Bezares, Przychodzen, & Larreina, 2016). The core belief of ESG investing delineates that the investors', Society and environment can benefit from including ESG information in the investment decision. Better financial assessment and decision-making is at the core of ESG evaluation in investment decision-making, thus its emphasis is on sustainable growth as against unstable rapid or artificial growth. The stock market is an imperative part of the economy and has the key intermediary role of moving funds between surplus units and deficit units. Shareholders are considered very important stakeholders of a company and their role in influencing the companies' practice is paramount. Sustainable development is a global concept (Ortas, Alvarez, & Garayar, 2015), that evolved a few decades ago(Nevado-Pena, Lopez- Ruiz, & Alfaro-Nevarro, 2015) and should be evaluated by all stakeholders (Waas, Huge, Block, Wright, Benitez-Capistros, & Verbruggen, 2014). The interest of the financial sector in sustainable development is increasing rapidly, as the victims of unsustainability include both people and the planet itself. Hansmann, Mieg, Frischknecht, (2012) postulated that sustainability is an integration of three foundational facets: environmental, social and governance. It is crucial to acknowledge the association between finance and sustainability, due to its influential role in capital markets, together with ecological system improvement and reconciling social equity. The significance of ESG rumination in investment decision has had a mountainous impact on the overall sustainability of the stock market, the country, as well as the world economy and society, and ecological balance. Jun, (2013) stated that the reckless behavior of companies may incur large costs related to clean-up costs in the case of major accidents, sustainability costs, resource consumption costs, loss of consumer trust, potential negative impacts on employee health and morale, responsibility towards local government, and investing stakeholders.

Moreover, ESGcompliant companies can gain customer loyalty, corporate reputation, access to capital, cost savings, innovation capacity, human resource management, and risk management (Ferrero-Ferrero, 2016), and these, in turn, increase the productivity and the payoff achieved in the long run (Graafland, & Smid, 2013). The global financial crisis (GFC) has shown the significance of good governance practice. Consequences of ESG malpractice and their effect on the environment, society and financial market can be illustrated from the incidents of the Exxon Valdez oil spill (1989) Nike's sweatshop criticism (2005) the BP oil spill of 2010 and Rena Plaza collapse of 2013, the BHS corporate governance scandal of 2016 as so forth. The global financial crisis (GFC) between 2007 and 2009, witnessed a period of extreme stress in global financial markets and banking system(Australia, 2001-2018). The way investors' respond to these environmental issue is the focus of this study. Investment decision was previously followed by an ordinary triangle covering risk, liquidity, and return, however, a growing number of investors' nowadays use the phenomenal square, covering liquidity, risk, return and sustainability (VonWallis, & Klein, 2015). Henceforth, the investment decision process of investors' is not unique to all investors', but rather is heterogeneous to various investors'. Different investors use different strategies in selecting stocks or bonds. One group of investors might only consider the financial outcomes of an investment and make their investment decision accordingly, while another group of investors might consider both the financial outcome and the ESG issues in their investment decision. This study examined the ESG investment decision of stock market investors' by measuring their willingness to pay a premium price, at the expense of return, and the percentage of portfolio investments in companies with vigorous ESG practices. Environmental issues bear significance when making an investment decision.
The impact that businesses have on environment has gradually been given additional importance by a wealth of literature due to the visible, far-reaching impact on biodiversity, the damage to natural resources, and accelerated global warming caused by corporate businesses. Hence, companies with compliant environmental practices can give credence to the generation of reasonable and sustainable financial returns, together with fulfilling their environmental accountabilities. Several prior studies have documented the relationship between environmental aspects and investment decision-making process, for example in the USA, Japan India, France and Australia. Investors' in the USA expressed that the evaluation of environmental issues helped them judge a companies' socially responsible behavior (Berry, &Junkus, 2013).

ESG practice disclosures by certain French firms influenced the investment decision and firm evaluation of private equity investors' whose socially irresponsible practices or policies regarding the environment reduced the investment likelihood by 30.8% (Crifo, Forget, &Teyssier, 2015). In addition, environmental issues are the most influential element of India investors' to achieve non-economic goals(Seerkumar Nair, & Ladha, 2014). In contrast, the Brazilian stock market does not reflect the incorporation of environmental issues in investment decision (Miralles-Quiros, Miralles- Quiros, & Valente Goncalves, 2018) Irresponsible industrial behavior contribute to environmental pollution in the Niger Delta region of Nigeria. With the increasing attention of investors' around the world regarding the impact of environmental issues on investment decision, it is important to examine whether investors' in Nigeria consider environmental issues in their investment decision. During the 2009 GFC, it took a matter of months for a downturn in the US housing market to spread like wild bush fire to the rest of the world through linkage in the global financial system. Many banks around the world incurred losses and relied on government for bail out to avoid bankruptcy. Millions of people lost their jobs as major economies around the globe experience depression after the great depression of 1929. To compound the problem, recovering rate was much slower than previous depressions that were not caused by financial crisis. Environmental issues which are harmful effects of human activity on the biophysical environment has taken a frightening dimension in the last two decades in both developed and developing countries, thereby prompting environmental protection practices aimed at protecting the natural environment on individual, organizational and governmental levels for the benefit of both the environment and humans. Environmentalism, a social and environmental movement addresses environmental issues through advocacy, education and activism (Eccleston & Charles, 2010).

Climate disaster is on the rise, around 70% of the disaster are now climate related- up from around 50% from two decades ago. These disasters take heavier human toll and come with a higher price tag. In the last decade 2.4 billion people were affected by cimate related disaster compared with 1.7 billion in the previous decade. The cost of responding to these disaster has risen tenfolds between 1992 and 2008 (Greenspan, & Clifford, 2002). Destructive sudden heavy rains, intense tropical storms, repeated flooding and droughts are likely to increase as will the vulnerability of local communities in the absence of strong concerned action (The United Nation Office for the Coordination of Humanitarian Affairs (OCHA), 2016)

**Social Issues**

Social issues are subjects identified with prosperity, right and enthusiasm of individuals and networks, primarily including work environment wellbeing and security, human rights, youngster and slave work, fortified work, work measures in production network, decent variety, opportunity of articulation and flexibility of affiliation, wellbeing and access to medicinal services, representative relations and human capital administration, relations with neighborhood networks, dubious weapons and purchaser assurance, and exercises in struggle zones (UNPRI, 2015). Social issues is one of the lethargic factor in ESG thought by Australian superannuation support financial specialists (Zwaan, Brimble, & Stewart, 2015), the network worker relationship and human rights are considered by speculators in their venture choice (Rakotomavo, 2011). Moreover, Australian financial specialists than condition and administration issues appraise social issues higher. In the difference, financial specialists in Brazil (Miralles-quiros, Miralles-quiros&Valente, 2018) do not assess social issues. All around, there is expanded mindfulness by speculators of the effect of social issues on venture choice. This educated our choice to examine whether the financial specialists in Nigeria securities exchange do think about social issues when settling on speculation choice.

**Social issues and Investors' Decision:** Martinz-Ferrero and Frias-Aceituno, (2015)stated that there is a bidirectional relationship between companies' sustainability behavior and their financial performance. The use of market value indicated that investors' are able to identify economic, social and environmental practice generating a positive effect on financial performance (Martinez-Ferrero et al 2015). Social issues are subjects identified with prosperity, right and enthusiasm of individuals and networks, primarily including work environment wellbeing and security, human rights, youngster and slave work, fortified work, work measures in production network, decent variety, opportunity of articulation and flexibility of affiliation, wellbeing and access to medicinal services, representative relations and human capital administration, relations with neighborhood networks, dubious weapons and purchaser assurance, and exercises in struggle zones (UNPRI, 2015). Theoretical Review: The study is anchored on three fundamental theories- The Theory of planned behavior (TPB), Goal Setting Theory (GST), Stakeholders Theory

**The Theory of planned behavior (TPB) (Ajzen, 1985) or The Hypothesis of arranged conduct:** Ajzen, (1985) propounded the theory of planned behavior in 1985 and reviewed it two years later in 1987. In psychology, the theory that links one's belief and behavior is called the theory of planned behavior. The theory states that attitude towards behavior, subjective norms, and perceived behavioral control, together shape an individual's behavioral intention. This theory has been applied to various field of study. Applying the theory to the investors 'behavioral attitude towards investment decision making, Ajzen (1985) opined that an investors' decision is influenced by factors such as family, friends, (subjective norms and environmental influence), his/her personal attitude towards investment, for instance expectation of return, risk, internal and external influence towards decision, perception towards all forms of investment. Another strong factor that influences investors' decision is his/her intention to invest for instance in time deposit, gold, property, stock, mutual fund and self-efficacy also play a role in investors' decision making (time decision, agents decision, instrument decision. In addition, controlled behavior (personal capability to conduct investment) plays active role in investors' decision-making. However attitude towards investment and subjective norms exacts the greatest influence while other construct failed to show significant influence from empirical studies Ajzen (1985); Alleyen and Broome (2011); Southey (2011) , East (1993); Gopi and Rumayah (2007) ; Ajzen, (1991), Ajzen, and Fishbein (1969).

TPB clarifies that human 'aim' relies upon 'demeanor towards conduct,' and saw social control, 'goal' eventually prompts genuine conduct, Ajzen, (1985). In any case, the present investigation utilizes just a single segment state of mind to foresee expectation in light of the goals of the examination. The TPB is operationalized by investigating the disposition of the share trading system financial specialist in regards to ESG issues, and subsequently concentrating on the expectation towards ESG contributing with the thought of venture choice. Disposition towards a conduct is characterized as an aggregate arrangement of reachable social convictions Ajzen, 1991) and a person's preparation to play out a conduct is characterized as an aim (Fischbein, &Ajzen, 2011). Alleyne and Broome, (2011) postulated that among other mental develops, financial specialists' state of mind towards various speculation criteria have importance when settling on venture choice. Likewise, past examination Gopi and Ramayah, (2007) revealed the solid effect of state of mind on goal among speculators.

**Goal Setting Theory (GST) Edwin Locke (1960):** To clarify the connection between the reason for investment and the investor' decision, GST was utilized, which indicates that objectives and aims are related with behavior irrespective of incentive conditions (Warsame&Ireri, 2016). Simply put, the theory alludes that goal setting is linked to task performance. Goal setting involves the development of an action plain design to motivate a person or group towards a goal. Edwin (1960) postulated that goals that are specific and ambitious lead to more performance improvement than easy or general goal (Grant, 2012). As long as the person accepts the goal, has the ability to attain it and does not have conflict goals, there is a positive linear relationship between goal difficulty and task performance (Locke, & Latham 2006)

**Stakeholders Theory orThe partner hypothesis (Freeman, 1984):** The stakeholder theory and the theory of planned behaviour will be adopted for this study. (Monteriro & Aibtar-Guzman, 2010) postulated that stakeholders are interested in environmental behaviour of companies. The theory provides means of dealing with multiple stakeholders with multiple conflicting interests (Jamali, 2008).

The partner hypothesis is profoundly interrelated with the authenticity hypothesis. However, the legitimacy theory centers around the correspondence with society, stakeholder's theory centeron the correspondence with various partner gatherings. As indicated by the partner hypothesis, society comprises of different partner gatherings. These gatherings have unequal capacity to impact the exercises of an association, however all gatherings are worried about the environmental execution of the organization (Roberts, 1992). The going worry of an association requires the partners' help and along these lines, the corporate exercises ought to be acclimated to the partners' requests. The more power partners have, the more an organization must alter its exercises to partners' requests (Gray, 1995), in light of the fact that partners' can control assets that are basic for the exercises of an association (Ullman, 1985). Robert, (1992) proposed that revelation is a piece of the discourse between the organization and its partners for arranging the agreement. Investors' have right to information on environmental impact on their investment. Instances where responsible environmental disclosure practice has helped investors' in the United State of America to judge a companies' socially responsible behavior is demonstrated in, Berry, *et al.* (2013). Also irresponsible environmental disclosure practice has led to the likelihood of decline in investment by 30.8% was exemplified in Crifo, *et al.* (2015) study. The importance of environmental disclosure was further demonstrated when Sreekumar Nair *et al* (2014), alluded that environmental disclosure was the most influential element the Indians investors' considered to achieve non-economic goals. These explain why the study considered stakeholders theory as one of the cardinal theories on which this study is anchored.

**Voluntary Disclosure Theory or Voluntary divulgence hypothesis (Dye, 1985; Jung and Kwon, 1988):** Authenticity hypothesis and partner hypothesis may be helpful in clarifying what an association revealed, yet it probably will not be valuable in clarifying what amount is unveiled (Clarkson, 2008). In this manner, a supplementary hypothesis is utilized in the writing, which can clarify the level of exposure hones. Deliberate revelation hypothesis depends on the organization hypothesis point of view. Intentional divulgences are endeavors to expel data asymmetries between the firm and outside operators, basically specialists in the venture network (Brammer&Pavelin, 2006). Deliberate divulgence is predicated on the supposition that association with great environmental revelation data is regularly additionally ready to unveil their activities' environmental effect to the partners. Deliberate revelation predicts that with satisfactory environmental divulgence, the present and potential financial specialists dangers will be brought down significantly (Brammer&Pavelin, 2006). Intentional environmental divulgences accompany its upsides and downsides as it accompanies both terrible and uplifting news for the partners. The organizations with predominant environmental entertainer frequently have upper hands over modest environmental entertainers and in that capacity do not stress such a great amount over partners' response about their environmental divulgence. Their quality and straightforward environmental divulgence frequently exceeds their shortcomings (Clarkson, Li, Richardson, &Vasvari).

**Empirical Review:** Environmental impact results in investment losses to the investors' and other stakeholder all over the world.

In the developed economies, the impact of environmental issues has gained prevalence following the GFC between 2007 and 2009. In the developed countries, the investor are conversant with the impact of environmental issues and measures to mitigate the adverse environmental hazard had been put in place and well documented. However, this is not the case in the developing countries like Nigeria where the level of environmental issues disclosure is low (Uwuigbe, &. Ajibolade, 2013). In the developing countries, inadequate disclosure of non-financial information by managers and low awareness by investors' often result in huge investment losses. The global financial crisis (GFC) has demonstrated the importance of good administration rehearses. Sayema, *et al* (2018*)* stated that the result of ESG acts of neglect and their impact on nature, society and monetary market could be shown from the episodes of the Exxon Valdez Oil spill (1989). History of Exxon Valdez Oil Spill, (2018) revealed that Exxon Valdez oil spill was a manmade disaster. Exxon Valdez was as a tanker owned by Exxon shipping company, which ran aground in Prince William Sound in Alaska, USA on 24 March 1989. That was the biggest oil spill in the U.S until the Gulf of Mexico spill of (2010). The Exxon Valdez spill resulted in 11,000,000 gallons (41,640) kiloliters of North Slope crude oil being spilled across 1,300 miles (2092 km) as revealed by (History of Exxon Valdez Oil Spill, (2018). Nike's sweatshop feedback (2005), saw Nike, the undisputed world giant in the manufacture of sports foot wares and clothing materials, admitting to the company's inhuman treatment to its factory workers in Asia countries, including payment of lower than minimum wages, forced overtime work, restriction to water and toilet during work days to mention but a few. Teather, 2005 aptly captured the worldwide condemnation and the protest that tread the action.

The Coca Cola's work and environmental malpractice (2006), was another case in point. Zachary ( 2018) captured vividly the scandulos deal by the company's employee to sell the business product secret to its arch rival the PepsiCo. PepsiCo and Coco-Cola placed ethics before profit as PepsiCo declined the offer and reported it to Coca-Cola company. Another ecological disaster was the Gulf of Mexico oil spill of (2010). Robertson, Krauss, Einhorn, & Schwartz, (2010) described the gulf of Mexico oil spill of 2010 as one of the deadliest in human history. Robertson *et al* stated that over 1.7 million persons were displaced and $65b was paid as compensation to the affected people. The Rena Plaza building collapse in 2013 in Bangladesh is still fresh in memories. Tansy, (2015) described it as the deadliest builging collapse in human history as the collapse claimed 1,134 lives and another 2,500 were rescued with various degree of injuries, billions of dollars in investments were lost to clothing factory, banks, apartments and shops located in the building Tansy concluded. Another ecological calamity was the collapse in 2016 of the 88 years old British Home Stores (BHS). The collapse of BHS was a big tragedy that sent 11,000 employees into the unemployment market. Huge pension arrears and poor debt management were the bane of the organization. All efforts to save the jobs of the employees through appointment of administrators failed and the business empire was finally liquidated in December 2016 as captured by (Quinn, 2016). This emergency elevated the worry of the interest of the organizations for moral conduct, oversight of hazard, responsibility, and capacity to deal with partners' deliberately. The Nigerian situation was not different from the situations explained. In the last decade, the Nigerian economy has witnessed the collapse of the stock market, the

liquidation of many banks, the financial scandal of business like Cadbury Nigerian limited, liver brothers to mention a few. Investors' have lost their life savings to business failures and many rendered jobless. In the light of this, the investors in the stock market have turned out to be progressively concerned with respect to environmental, social and governance issues in the organizations included. These factors increased the demand for ESG issues audit and disclosure. Environmental issues include climate change and Ozone layer depletion, quality and quantity of water, air pollution, insurgency, cyber café fraud, customer and supply chain and activities of competitors, (Camilleri, 2015). The investors' will want to know if the entity has information about these factors that will in no doubt affect their investment. If the entity has information about them, what measures have they put in place to mitigate against them to ensure the safety of the investor's investment? While the problems of environmental information disclosure has long been receiving adequate attention in advanced countries, the case is not the same in developing countries like Nigeria where the level of environmental disclosure and environmental protection is still very low(Welbeck, Owusu, Bekoe & Kusi, 2017). This lack of disclosure of ESG issues have resulted in increased risk on investment and low returns to investors' and other stakeholder. The collapse of banks in Nigeria from 1995-2000 and stock market 2008-2012 respectively were attributed to regulatory failures (Ahmed, & Bello, 2015). These events resulted in huge loss of investment by investors' and other stakeholders in Nigeria. The level of environmental disclosure and environmental protection is still very low in developing countries.

Investors' in developing countries have little knowledge on how ESG issues will affect their investment. In addition, managers of entities in the developing countries have not fully imbibed the policy of transparent disclosure of environmental information to guide investors' in the decision-making. Environmental disclosure though comes with cost but its advantages outweigh its disadvantages from the legitimacy theory point of view. Both the investors' and the management stand to gain from transparent disclosure of environmental information. Wei & Wang, (2016) opined that majority of the studies on the effect of environmental disclosure on investor' decision at the stock market has been carried out using the archival data. This has been the source of the inconclusiveness in the results. This study aims at examining the influence that environmental issues, social issues and governance issues, as well as purpose of investment has on investor' investment decision-making. This study used investment horizon (tenor) as moderating variable.

**Empirical studies in developed countries:** Environmental disclosure is a term used to explain all steps taken by management to transparently divulgence all material non-financial information about the activities and operations of an entity in a manner that will enable the investors' and other stakeholders to make informed investment decision (Oghojafor, George, & Owoyemi, 2012).Environmental disclosure has gained prevalence following theGFC that devastated many entities including the Nigeria stock market (Ahmed, & Bello, 2015; Emenike, 2017). Sayema, *et al* (2018) opined that the GFC and the collapse of many major companies resulted in increased demand by stakeholders for disclosure and audit of material environmental issues. The developed countries like United States, Canada, United Kingdom, France and Germany have a long history of awareness of the negative impact of environmental hazards in their ecosystem and business activities (2014/52/EU, 1985). These countries have always had contingent plans to mitigate the impact of environmental issues. However, History of Environmental Impact Assessment (EIA) system and measures taken around the world, revealed that the reverse is the case with the developing countries like Nigeria, Malaysia, Ghana, Indonesia and Kenya.There have been studies on environmental issues among the advanced countries and these studies are well documented to guide investors' in all facets of business activities. On the contrary, the low level of environmental information disclosure in Nigeria and other developing nations means that the investors' in developing countries do not have adequate information on environmental issues to guide their investment decision-making process. Uwuigbe and Ajibolade (2013) opined that the level of environmental disclosure among listed firms in the Nigerian stock exchange is low. Haladu and Salim, (2016) examined the relationship that compares environmental reporting and corporate financial performance, corporate ownership structure and industry type. They weighed this in conjunction with the impact of government agencies on environmental protection and enfocement, their findings point to the direction that environmental divulgence has significantly improved as more than 55% of entities surved showed marked improvement in their disclosure rates. The findings in Haladu and Salim (2016) notwithstanding, the conscientious are that gap in environmental disclosure information between the developed and developing nations is still wide. Besides the inadequate information on environmental issues in the developing countries, the many of the studies carried out in this region, are based on archival data resulting in most cases in inconclusive findings. In view of this study opted for the survey research method.

To underscore the level of environmental awareness in the developed countries, the European Union (EU) issued the EU directive on non-financial reporting also known as environmental issues reporting. The EU directive of 2013/34/EU mandated all large companies with staff strength of 500 and more, to disclose environmental, social and governance (ESG) information in their annual reports with effect from 2018. Under directive 2014/95/EU, information to be disclosed include: environmental insurance, social duty and treatment of representatives, Respect for human rights, Anti-Corruption and bribery, diversity on entity's board (with respect to age, gender and skill). Broad investigations have been done in Europe and America. A portion of the examinations concentrated on the quality and amount of environmental disclosure while others concentrated on corporate characteristics as they impacts on environmental divulgence, in that capacity as firm size, benefit, quality of internal control, reviewing and bookkeeping gauges, government ordered exposure of environmental execution, intentional divulgence, poisonous gas discharged, number of organizations which have actualized the ISO 14001/EMAS on the way they work and handle environmental, social and governance issues as they impacts on environmental divulgence (Camilleri, 2015). The failure of the industries were alluded to many factors prominent among which were external dimension, corporate failure and the failure of the management to disclose information on the non-financial health situation of the entities (Emenike, (2017). Nigeria as a nation also had its own fair share of the global financial crises as the period corresponded with the period of the collapse of

the Nigerian capital market and failure of many banks. This raised the question as to what extent does the investor know about the entities to which they entrusted their resources. Ienciu, (2012) postulated that environmental disclosure practice varies across Europe and attributed the variation to mandatory disclosure required by law, voluntary disclosure by corporate entities, firm attributes to mention but a few. Until recently, environmental disclosure has remain a voluntary issue and companies that make disclosures does so at their own discretion or because of pressure from the public, mass media or purely to increase the firms' reputational value. This point is supported by the legitimacy theory. However, mandatory environmental disclosure is the most efficient way to increase the quantity and quality of environmental disclosure (Ienciu, 2012). Others studies examine the impact of environmental disclosure on corporate performance on selected listed companies and concluded that there is positive association between environmental disclosure and firm performance.

Vieira, (2014) opined that companies that disclosed environmental information recorded higher value per stock at the stock market than those that do not disclose ESG information. This position was collaborated in (Sayema, Zulkifli and Zainal, 2018). Sayema *et al* (2018) findings show that companies in Bangladesh that transparently disclosed environmental information recorded higher stock value and stock volume purchased in the Bangladesh stock exchange.Uwuigbe and Ajibolade, (2013) postulated that the level of environmental disclosure among listed companies in Nigeria is low. However, the reverse is the case in developed nations where companies' disclosure of social and environmental data are now somewhat dated (Roberts, 1988).
Environmental issues disclosure is the responsibility of all entities engaged in any business activities but most especially those in the high risk sectors like mining, manufacturing, oil and gas, chemical production to mention but a few. The company and allied matter Act 1990 as amended in 2004 required every entity operating in Nigeria to conduct it activities in a manner that is safe for the economy and the society. The international best practice identified some key performance index to assess organizations that are conducting their activities and operation in a manner that promotes sustainability. Also Nigeria being a signatory to various international treaties such as the United Nation Global Compact, (UNGC, 2014), United Nation Principles of Responsible Investment (UNPRI 2015), and the Global Reporting Initiatives guideline (GRI, 2000) ensure that the listed companies comply with sustainability reporting. In addition, the CBN circular on Nigerian Sustainability Banking Principles (NSBP) demand among other things, ESG issues disclosure from the listed banks in the financial markets. By the nature of the operations and activities of the corporate and investment banks in particular, they stand the least chance of generating poisonous substances such as greenhouse gases (GHG), pollution, degradation of environment, destruction of ecosystem, biodiversity and other environmental hazards. These banks are not actually disclosing ESG as it affects their activities but are to evaluate the ESG issues in their clients business location, Product, and any other issue that will be of interest to the investors' and other stakeholders. The bank has a duty to ensure that they do not aid their clients in activities that will influence negatively on the environment, staff, community and society. The Nigerian financial system is made up of all institutions performing intermediation function with the Nigerian capital market (Askira, Aklahyel, & Gaya, 2014). The primary market operators in the capital market are long-term loan providers to entities whose activities are subject of ESG issues. The corporate and investment banks should not be seen to be aiding ESG violation by their clients. They want to ensure that their clients conduct their businesses in environment that is free from adverse ESG issues. In addition, where negative environmental impact becomes inevitable, the loan providers want to see that the client to mitigate the negative impact on the community, investors', puts contingent measures in place product, environment, and other stakeholders. The Nigerian stock market collapsed between 2008 and 2012 due partly to external dimensions but due to colossal failure on the part of the regulators of the sector (Ahmed, & Bello, 2015). Bani-Khalid, Kouhy, and Hassan, (2017) opined that there has been expanded interest by stakeholders for environmental disclosure. The practice had been for firms to concentrate on wealth maximization drive as the cardinal objective of the firm. Investors' then relied mainly on the economic information divulged by firms to make informed investment decisions. However, the collapse of many firms due to corporate failure in the last decade arose the interest of the stakeholders and the demand for more transparent disclosure of non-financial information.

In advanced nations like America, Canada, Britain and Germany, everybody is getting increasingly aware about the issues of environmental security and this has made environmental disclosure an imperative data. Deegan and Rankin, (1997) opined that environmental revelation is imperative to firm stakeholders. Especially, environmental revelation has turned into a key marker for investors' to choose stocks. Investor' accentuation is currently on subjective financial data otherwise called maintainability answers, to help them in surveying the risk and returns in their ventures. Transparent environmental disclosure will assist investors' in making informed business decision. Numerous examinations have inspected the impacts of environmental disclosure on the securities exchanges in developed nations (Halme&Niskanen, (2001); Al-Tuwaijri, Christensen, & Hughes, (2004); Cho, & Patten, (2007). The discoveries are varied. A few discoveries demonstrate that environmental divulgence can possibly build stock costs, Dasgupta*et al,* (2001); Al-Tuwaijri, Christensen, & Hughes, (2004) while a few discoveries uncovered that environmental exposure prompts the decrease in stock costs, (Walley& Whitehead, (1994). Dejean and Martinez's exact examination to decide the effect of corporate environmental exposure on cost of value in French SBF 120 securities exchange, did not prompt the end that organizations unveiling environmental data fundamentally bring down the expense of value (Dejean, Frederique & Martinez, 2009). Larger part of the prior investigations on environmental issues was on relation between environmental expenditure and the eco-efficiency performance measure. Granted that most firms have disclosed huge expenditure on environmental protection, but does not tally with the level of eco-efficiency measures on ground. Exact exanimation by Yook, Song, Patten, and Kim, (2017) revealed that there is negative relationship between reported environmental control costs and the eco-efficiency performance measure. If anything, the findings only support the thinking of the proponents of legitimacy theory as against those of the school of thought on voluntary disclosure. The use of internet has made the communication of both financial and non-financial (ESG) information from firms to stakeholders faster and at lower cost. This has helped the investors' to improve on the quality of their investment decision, Alarussi,

Hanefay, and Salamat, (2013) opined that there is positve linear relationship between the use of internet financial disclosure(IFD) and internet environmental disclosure (IED). Most earlier studies on environmental disclosure centered on the components that influences the nature of environmental revelation and its effect on corporate execution. The researchers employed firm attributes, such as the size of the firm, the number of employees, leverage, the age of the firm, profitability and community development, to evaluate environmental disclosure quality and firm performance. Burgwal, and Vieira, (2014) opined that while firm size, industry type and membership, positively influences the quality of environmental disclosure and firm corporate performance but that profitability does not significantly influence environmental disclosure quality and firm performance. The findings collaborated the result in MinieBhalla, (2018). Peter and Mbu-Ogar, (2018) stated that in their evaluation of the impact of environmental issues on the performance of quoted oil and gas companies in Nigeria, their findings revealed that employees' health and safety, community development issues do not have positive influence on the firm financial performance but rather waste management and firms' previous years' financial performance disclosure have positive influence on value of the firm's stock.

The study on environmental issues and its impact on the investors' in the stock of firms has been in the front burner of most advanced countries. Rebort, Andrew and Gustavo, (2002) stated that the USA, Canada and Mexico set up a commission called North American Free Trade Agreement, NAFTA, to examine the practice of environmental issues in the three countries with a view to finding a common ground to improve cross-border trade and investment among the three countries,. The terms of reference was to identify the areas of difference and harmonized them for transparent disclosure of financial and environmental issues among the three countries. This has boosted cross-border trade and investment among the three countries. Following the successes from the NAFTA, the chartered accountants in Canada, commissioned another paper on environmental and ethical issues for capital markets Canada,(2004). The paper, simply referred to as National Round Table on the Environment, Economy, (NRTEE), has its objective as deepening the understanding of the impact of environmental, and ethical issues on the financial market in Canada, with a view to assisting investors' make best investment decisions. Empirical study with respect to individual behavior towards investment decision showed a consistency with the findings of the behavioral finance theory as espoused by Kahneman and Tversky (1997). Ambrose, (2014), opined that past performance of the firms' stock, price per share, feelings on the economy and expected dividend by the investors' are the factors that influences the investor' decision. Voluntary disclosures of information have both positive and negative impacts. Xiaoyan, (2007) postulated that on the positive side, voluntary disclosure will lead to more accurate pricing and improved investment efficiency, on the other hand, the firm may use voluntary disclosure opportunistically to effect the market pricing in its favor which can be detrimental to investment efficiency. Environmental issues impacts on all facets of the financial market, ranging from financial liquidity, cost of equity to analyst forecast of earnings. In a related study, the objective of which was to examine the impact of environmental disclosure on the stock market liquidity, it was found that the level of environmental disclosure of Arab Middle Eastern and North African companies (MENA) was quite low. Mejda & Hakim, (2015) stated that the analysis of 276 companies showed that the higher the level of environmental disclosure provided in the annual reports, the lower the spread between the market bids and ask prices, thereby indicating an increase in stock market liquidity. Empirical reports has shown that companies that vigorously report their environmental issues often record higher returns in addition to fulfilling their environmental accountabilities. Investors' in USA expressed that the evaluation of environment issues helps them judge a company's socially responsible behavior(Berry & Junkus, 2013). The analyst need environmental disclosure information to be precise and accurate in his earnings forecast in the stock market. It was in view of this that a study was carried out covering the continental Europe (Belgium, France, Germany, and Netherlands) and North America (Canada and United States). The objective of the study was to determine the impact of environmental disclosure on the Analyst's forecast earnings. The discoveries demonstrated that there is a positive connection between environmental divulgence and exact gaining figure by expert. Such impact is lessened for firms with broad expert' after and in environmentally touchy businesses. In any case, these relationship are appeared to be starker in Europe than in North America, meaning that environmental exposure greatly affects investigator's figure but at the same time is all the more extraordinarily weakened by expert after and participation on environmentally touchy industry.

Environmental revelation information is at present willful in numerous nations on the globe. There are no statutory declaration on organizations to reveal environmental data against which authorize are forced for resistance. In view of this, most organizations often exaggerate the level of environmental protection expenditure and execution. Liu, Liu, and McConkey, (2011) stated that environmental execution on recorded organizations' uncovered contrasts as environmental exposure and additionally revelation substance and degree. The environmental data revealed cannot mirror the genuine environmental execution level of the recorded organizations and a few organizations with low level of environmental execution are probably going to unveil more environmental data. With a specific end goal to get the environmental administration level of recorded organizations even more precisely, we earnestly require a control in environmental exposure (Liu, Liu, &McConkey, 2011). There has been expanded interest by partners for environmental divulgence. The revelation of important environmental arrangement will empower speculator to settle on educated business choice and diminish dangers related with interest in securities. To underscore the significance of environmental revelation of data, there has been worldwide coordinated effort between created countries, with a view to think about the distinctions and similitudes in environmental divulgence in their particular nations with a view to orchestrating at that point to advance unhindered commerce among nations that are signatories to such arrangements. One that readily come to mind is the commission for environmental participation under the North American Agreement on Environmental collaboration (NAAEC) to address environmental issues in North America from mainland point of view with a specific spotlight on those emerging concerning changed exchange. The United State, Canada and Mexico consented to the arrangement in 2002. The goal was to advance a North American Free Trade Agreement (NAFTA) among the three nations.

The NAFTA is likewise expected to elevate reasonable improvement and to fortify the advancement and authorization of environmental laws and directions. Expanded straightforwardness to speculators of the money related dangers and chances to which organizations are uncovered by righteousness of their environmental administration choices could be an intense market impetus for practical advancement and for consistence with environmental directions. Empirical study has revealed that there is significant difference between the competitive advantages impairment between environmentally sensitive industries (ESI) and non-environmentally sensitive industries (NESI) (Hui-Cheng, Lopin, & Mao-Feng, 2016). Further comparison on the relationship between overal CSR disclosure and competitive advantage among state –owned enterprises, privately owned enterprises, ESIs and NESIs suggest that the relationship is negative. Monetary divulgence of material environmental data expels a potential crack between the interests of directors, proprietors and banks.

It likewise presents an intense market-based, non-administrative motivator for reasonable environmental administration. In each of the three nations that are gatherings to NAFTA, however their particular exposure prerequisites contrast, the mutual fundamental guideline is that organizations should divulgence whatever data is important for financial specialists to make balanced, educated venture choices. This general standard of "materiality" covers not just later and current monetary conditions and aftereffects of tasks, points of interest of administration and proprietorship, and purposes for which capital is to be utilized yet in addition a wide assortment of business, legitimate, and administrative dangers and exposures. It is largely acknowledged that an organization's environmental execution and prerequisites could comprise material data under this expansive standard of materiality. Sonde and Pitt, (1971) stated that while measures of what is material may shift with the setting in which exposures are to be made, in any setting certain divulgence of a biological nature will dependably be material and are, accordingly, required under existing controls". Satisfactory exposure of material data, regardless of whether environmental or not, is vital not just for the proficient working of capital markets yet in addition to keep a basic impetus disappointment in the administration of modern organizations. Without satisfactory revelation, a key connection between the proprietors and chiefs of enterprises will be broken. Except if budgetary market valuations of hazard and return precisely mirror the money related dangers that organizations bring about through their environmental administration choices, an essential market motivation for judicious environmental administration will need sound speculations to decrease future environmental costs, liabilities, or dangers might be underestimated in the capital markets and in this way disheartened. Hilter kilter data about organizations' environmental exposures makes important specialist issues on the off chance those outer financial specialists cannot precisely esteem organizations' interests in contamination control; supervisors may be motivated to blow up income for short-run gain by disregarding such speculations (Milgrom, & Robert, 1992). Essentially, financial specialists will not remunerate administrators that position their organizations to increase upper hand by righteousness of their better capacity than adapt to approaching environmental difficulties probably, so such procedures may be disheartened.

Adjusting the premiums of administration to that of proprietors is a basic capacity of capital markets. It is difficult to accomplish except if speculators are satisfactorily educated about the monetary ramifications of administrative choices. The more grounded the impact of outside speculators over administration choices, including choices about environmental hazard, the more essential is it that outer speculators be completely educated about the monetary ramifications of those dangers. There is extensive confirmation that the materiality of environmental data has expanded significantly in the previous 25 years. For instance: Increasing costs are required for consistence with environmental directions. Somewhere in the range of 1972 and 1994, consumptions by US organizations on contamination decrease and control dramatically increased in genuine terms (Vogan, 1996). Comparable patterns are found in Canada and Mexico. (ii) Twenty-five years back, just a minor part of institutionally oversaw resources were in Socially screened assets or portfolios that expressly viewed as environmental execution as a venture standard. Today, it is evaluated that more than $1.5 trillion lives in Socially and environmentally screened portfolios, while the quantity of screened shared assets has ascended to 175, from only 55 five years prior (Social Investment Forum 1999). Socially capable contributing can never again be viewed as an irrelevant marvel. It has been exhibited more than once that exposure of data in regards to an organization's outflows, regardless of whether lawful or its inability to conform to environmental directions or its potential risk to environmental remediation prerequisites has affected the organization's stock cost. Supposed "occasion ponders" have distinguished unmistakable market responses to such environmental news affirming that securities exchange financial specialists consider such environmental data significant (Barth, & McNichols, 1994; Hamilton, 1995;(Campbell, Sefcik, & Soderstrom, 1998). Several money related research administrations have raised in the US and Canada that pitch environmental execution data to speculators. These incorporate Kinder, Lydenburg, and Domini, the Investor' Responsibility Research Service, and Invest among others. Most huge venture houses additionally utilize environmental administrators and embrace in-house explore on environmental issues influencing organizations. The way that the age and offer of environmental data has risen in the venture network as an economic movement demonstrates that expert speculators consider such data significant to their choices and hence fiscally material. Nevertheless, the accessibility of data on environmental issues has not kept pace with this developing materiality. Milford and Reston expressed that exact investigation has demonstrated that digital security abilities deficiency is broadening prompting loss of fundamental data information and greater part of wrong business speculations choices in numerous collective (https:/www.issa.org or http:/www.esg-global.com/esg-issa-examine report, 2017). As indicated by the exploration firms that pitch data to screened finance chiefs, environmental data is among the hardest to get. Indeed, even in the United States, where community to official data is maybe most developed, numerous EPA and state government databases, including those that are hypothetically in people in general area, are difficult to get to, regularly off base, conflicting or outdated, and not organized in manners that are helpful for money related or organization particular investigation.

Additionally, environmental reports issued by organizations themselves are normally specific, unstandardized, and irrelevant to money related proclamations (Williams, 1999; Birchard, 1996). Thusly, the data accessible through remain solitary environmental reports, from government organizations or from environmental research administrations does not substitute successfully for satisfactory exposure of monetarily material environmental data in organization divulgences. Data exposure has been ended up being a crucial administrative device in monetary markets as well as in the control of environmental contamination. It has been exhibited that giving data to the general population with respect to organizations' environmentally harming conduct has caused the organizations adequate reputational misfortunes that their conduct has been influenced. People in general arrival of the US EPA's Toxics Release Inventory instigated a considerable lot of the biggest producers to make open duties and make a move to lessen their arrivals of harmful synthetic concoctions (Konar, & Cohen, 1997; Khanna, Quimo, & Bojilova, 1998). Involvement in different nations has likewise demonstrated that open exposure of contamination is viable in prompting enhancements in environmental execution (Teitenberg, & Wheeler, 2001; World Bank, 1999). The falling expenses of data spread through the internet make data revelation an undeniably groundbreaking strategy instrument. Both oneself revealed data in yearly and quarterly budgetary divulgences and data from outside sources have impacts on capital markets. In any case, as may be normal, firms that training more full money related divulgence themselves endure less antagonistic market impacts when outside data ends up accessible (Blacconiere, & Northcut,1997); Blacconiere, & Patten, 1994; Patten & Nance 1998). In this manner, expanded exposure can be in an organization's best advantage since it might lessen showcase vulnerability and unpredictability. Thus, an ever increasing number of organizations are issuing remain solitary environmental reports, however these are once in a while, if at any point, incorporated with money related announcing (KPMG 2000). The importance of information disclosure to investors' cannot be over emphasized. Investors' needed reliable financial and non-financial information to make informed decision. Cormier, Ledoux, and Magnan, (2011) stated the relevance of informational contribution of social and environmental disclosure to investors' and concluded that it is vital for investment decision making.Research in Canada, where firms have more tact in receiving environmental exposure measures, has discovered that huge capitalization firms with more noteworthy dependence on outside capital markets and whose securities are all the more effectively exchanged will probably unveil environmental data. Firmly held firms and firms in poor money related condition are less inclined to do as such (Cormier, & Magnan, 1999; Li &McConomoy 1999).

## METHODOLOGY

**Research Design:** The study adopted bothsurvey and *ex-post facto*research design. The survey research design is a valuable tool for assessing opinions and trends (Isaac & Michael, 1997). The reason for the adoption of the survey research design is based on past similar study, Sayema, et al., (2018). Survey research is used to address the research questions raised and proffer solutions to problems posed by study of this nature, which involves analysis of trend across time, and generally, to describe what existed, in what amount, and in what content (Salaria, 2012). To this end, a survey that assessed the effect of environmental issues disclosure on volatility conducted with instrument of questionnaire administered to six hundred staff of selected banks in the Nigerian financial market. The quantitative data and information gathered formed the basis for testing of the instrument (Ivankova, Creswell,& Stick, 2006). The study population cut across the senior and junior level cadre of selected banks based on the NBS-Banking Sector Data of 2017. This group of staff is usually more conversant with the banking operations (Imeokparia (2013). The study selected 21 commercial banks out of the 27 licensed deposit money banks in Nigeria and regulated by the central bank of Nigeria as at 31 December 2017. Furthermore, 11 banks were purposively selected using event criteria of those banks that have complete information for the study and were continuously listed during the period of the research 2008-2017.

**Research Instrument:** A structured questionnaire divided into three sections of A, B, and Cwas used to gather data from the employees of the selected banks based on the sample selection and sample frame. The items in the research instrument include self-designed, after consideration of many factors, and some adapted from existing studies, which include Sayema*et al* (2018).The research instrument was divided into three sections A, B and C. Section B and C were adapted in form of a likert scale, which had seven-point scale of strongly disagree (SD ) as (1) disagree (D) as (2) somewhat disagree as (3) , neither agree nor disagree (4), somewhat agree (5), agree (6), strongly agree (7). Respondents indicated their opinions with respect to environmental, social, and governance disclosure issues, savings purpose as well as investment horizon issues.

Section "A" contained questions on demographical data of the respondents with respect to gender, age, educational qualification, professional level, religion, work experience etc.

Section B contained items on the objective of the research study, which concerned impact of environmental disclosure on investor's decision in the financial markets in Nigeria. The variables included in this section are the dependent variable such as investor's stock volume purchased, share price, share price volatility, investor' perception of management credibility and so on.

Section C contained items from the independent variable such as environmental issues, social issues, governance issues, savings purpose and Investment Horizon.

**Validity test of Research instrument:** Validity test was conducted for content validity and construct validity (Li, 2016). Content validity indicates the extent to which item adequately measures the property intended to measure. In this respect, subject matter expert and peer review were conducted and correction made where necessary (Sangoseni, Hellman & Hill, (2013). The result of the construct validity test is shown in the table. Reliability test of research instrument conducted using a pilot study of 60 staff of the bank showed the Cronback's alpha coefficient test ranged from 0.79-0.91.Nunnally& Bernstein (1994) have prescribed the general convention in research, which states that one should strive for reliability value of 0.70 or higher. It is worthy to know that the larger the items in our construct, the more reliable our scale will become.

**Table 3.1 staff strength of DMBs in Nigeria**

| Category | CBs | MBs | NIB | DMBs Total |
|---|---|---|---|---|
| Executive | 183 | 20 | 10 | 213 |
| Senior | 16,905 | 174 | 65 | 17,144 |
| Junior | 39,909 | 288 | 352 | 40,549 |
| Contract staff | 43,593 | 33 | 329 | 43,955 |
| | 100,590 | 515 | 756 | 101,861 |
| No of Banks | 21 | 5 | 1 | 27 |

Sources: NBS-Banking sector data (2017)
Key: CBs=Commercial Banks, MBs= Merchant Banks, NIB= Non-interest Banks, DMBs = Deposit Money Banks

**Table 4.1. Stock Price Volatility**

| S/N | Qualitative measurement of Stock Price Volatility | SA | A | SWA | N | SWD | D | SD | MEAN |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Timely disclosure of market information will have a positive impact on investors' decision on stock price volatility | 113(23.5%) | 182(37.9%) | 134(27.9%) | 45(9.4%) | 6(1.3%) | 0 | 0 | 5.7313 |
| 2 | Absence of insiders dealings will impact positively on investors' decision and reduce stock price volatility price volatility considerably | 129(26.9%) | 184(38.3%) | 130(27.1%) | 36(7.5%) | 1(0.2%) | 0 | 0 | 5.8417 |
| 3 | Use of technological innovations to track share prices will reduce the ups and down trends in stock prices volatility and will influence investors decision | 106(22.1%) | 160(33.3%) | 139(29%) | 55(11.5%) | 15(3.1%) | 5(1%) | 0 | 5.5667 |
| 4 | Absence of corruption and bribery will lead to proper pricing of stock and reduce stock price volatility | 94(19.6%) | 165(34.4%) | 165(34.4%) | 55(11.5%) | 1(0.2%) | 0 | 0 | 5.6167 |
| 5 | The use of efficient and effectively 12motivated workforce will work towards price stabilization and reduce stock price volatility and this will influence investors decision | 92(19.2%) | 143(29.8%) | 154(32.1%) | 88(18.3%) | 2(0.4%) | 0 | 0 | 5.4958 |

Source: Field Survey, 2019

**Table 4.2. Regression Estimate**

| Variable | Model 2 | | | |
|---|---|---|---|---|
| | Coefficient | Std Error | t-Stat. | Prob. |
| C | 3.989 | 0.395 | 10.091 | 0.000* |
| EID | 0.049 | 0.044 | 1.096 | 0.274 |
| SID | 0.048 | 0.040 | 1.195 | 0.233 |
| GID | 0.066 | 0.044 | 1.503 | 0.133 |
| SPD | 0.242 | 0.033 | 7.409 | 0.000* |
| $R^2$ | 0.122 | | | |
| Adj. $R^2$ | 0.114 | | | |
| S.E of Reg | 0.461 | | | |
| F-Statistic | 16.470 | | | |
| Prob.(F-Stat) | 0.000* | | | |
| Obs | 480 | | | |

Dependent Variable: SPV*significance at 5%
Source: Researcher's computation, 2019
Model 2
$SPVit = \alpha 2 + \beta_5 EIDit + \beta_6 SIDit + \beta_7 GIDit + \beta_8 SPDit + \mu 2it$
$SPV_{it} = 3.989 + 0.049EID_{it} + 0.048SID_{it} + 0.066GID_{it} + 0.242SPD_{it}$

The alpha value of the items relating to each variable from the test were between 0.79-0.91. This is more than this acceptable minimum, hence the result indicated that the item relating to the variable are highly reliable.

**Method of Data Analysis:** This study utilized scientific method to test the speculations. The data analysis method were quantitative, qualitative, and helped the study to achieve a discerning clarification of the issues brought up in the investigation. To dissect the quantitative information, the study utilized the Statistical Package for Social Science (SPSS) variant 21.0. Descriptive statistics was used to analyze the demographical data to determine percentages, mean and so on. Multiple regression analysis was used to determine if there were any significant effect of one variable on the other, while correlational analysis was used to measure the strength of association between variables. Regression analysis focused on relationship between a dependent variable and one or more independent variables. It helped to understand how the typical value of the dependent variable changes when a unit of the independent variables is varied, while the other independent variables are held fixed. The correlation coefficient, which is a measure of linear relationship between variables, has its values ranging between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive linear sense while a correlation coefficient of -1 indicates that two variables are perfectly related in a negative linear sense. Correlation coefficient of 0 indicates there is no linear relationship between two variables.

**Data Analysis and Findings:** Data obtained were analyzed in this section. This section is divided into two main parts, these are: descriptive analysis and empirical analysis. To obtain primary data, six hundred (600) copies of validated questionnaires were administered on staff of 11 purposively selected banks based on events criterion of those having complete records and continuously listed during the period

ending 31/12/17. Four hundred and eighty copies of the questionnaire administered representing 80% retrieval rate were found usable.

**Interpretation:** Table 4.1, shows that 23.5% of the respondents strongly agree that timely disclosure of market information will have a positive impact on stock price volatility; 37.9% agree to this notion; 27.9% of the respondents somewhat agree to this notion while 9.4% neither agree or disagree to the notion while a total of 6 respondents representing 1.3% somewhat disagree, no respondent disagree and none also strongly disagree to this notion. With the mean of 5.7313, it can therefore be said that on the average, the respondents agree that timely disclosure of market information will have a positive impact on stock price volatility. Furthermore, 26.9% of the respondents strongly agree that the absence of insider's dealings will reduce stock price volatility considerably by investors', 38.3% respondent agree to this notion. 27.1% somewhat agree that to this notion. 7.5% of the respondent neither agree nor disagree to this notion while 0.5% somewhat disagree and no respondent disagree and none strongly disagree to this notion. With the mean of 5.8417, it can therefore be said that on the average, the respondents agree that absence of insiders' dealings will reduce stock price volatility. In another case, 22.1% of the respondents strongly agree that use of technological innovations to track share prices will reduce the ups and down trends in stock prices, another 33.3% agree with this opinion.

While 29% somewhat agree to this notion, 11.5% of the respondent neither agree nor disagree to this notion while 3.1% somewhat disagree and 1% disagree to this notion. No respondent strongly disagree. Hence, it can be concluded from the mean of 5.5667 that on the average, the respondents agree that use of technological innovations to track share prices will reduce the ups and down trends in stock prices. Furthermore, Table 4.1, showed that 19.6% of the respondents strongly agree that the absence of corruption and bribery will lead to proper pricing of stock and reduce stock price volatility, another 34.4% of respondents agree with this opinion. Also 34.4% of the respondents somewhat agree to this notion.11.5% of the respondent neither agree nor disagree to this notion while 0.2% somewhat disagree and no respondent disagree with this opinion, also, no respondent strongly disagree. Therefore, it can be concluded from the mean of 5.6167 that on the average, the respondents agree that absence of corruption and bribery will lead to proper pricing of stock and reduce stock price volatility. In addition, 19.2% of the respondents strongly agree that the use of efficient and effectively motivated workforce will work towards price stabilization and reduce stock price volatility. 29.8% of respondents agree with this notion, another 32.1% of the entire population somewhat agree that the use of efficient and effectively motivated workforce will work towards price stabilization and reduce stock price volatility. 18.3% of the respondent neither agree nor disagree to this notion while 0.4% somewhat disagree with this opinion. No respondent disagree or strongly disagree with this opinion. Given the mean of 5.4958, it can be concluded that on the average, the respondents somewhat agree that the media exposure of firms' noncompliance with environmental issues can influence the investor's stock volume purchase.

**Research Hypothesis** ($H_{o1}$): Environmental issues disclosure does not significantly affect stock price volatility in Nigerian financial market.

**Interpretation:** The multiple linear regression estimate of the model shows that environmental issues disclosure measured by Environmental Disclosure (EID), Social Issues Disclosure (SID), Governance issues disclosure (GID), and Savings Purpose (SPD) have positive effect on Stock Price Volatility (SPV). This is indicated by the sign of the coefficients, that is $\beta_5$= +0.049>0; $\beta_6$= +0.048>0; $\beta_7$= +0.066>0; $\beta_8$= +0.242 >0. This result is consistent with *a priori* expectations that all measures of environmental issues disclosure will have a positive effect on investor's decision measured by Stock Price Volatility (SPV). However, the probability of t-statistics for EID, SID, GID, and SPD stood at 0.274, 0.233, 0.133, and 0.000 respectively. This implies that only SPD has a significant positive effect on SPV with p-value less than 5% level of significance, while EID, SID and GID have insignificant positive effects on SPV with p-values greater than 5% level of significance. In addition, from Table 2, the size of the coefficient of the independent variable shows that a 1% increase in SPD will cause a 0.242 unit increase in SPV. Furthermore, the adjusted R-squared showed that about 11.4% variations in SPV could be attributed to SPD, while the remaining 88.6% variations in SPV are caused by other factors not included in this model. Although, the coefficient of determination shows that model two has a weak explanatory power, the probability of the F-statistic of 0.00 shows that the regression result is statistically significant because this is less than 5%, the level of significance adopted for this study.

Therefore, the null hypothesis two that Environmental issues disclosure does not significantly affect stock price volatility in Nigerian financial market is not accepted. Hence, Environmental issues disclosures have significant effect on stock price volatility in Nigerian financial market. 5. Discussion: Table 4.1 shows that on the average of 5.7313, the respondents agree that timely disclosure of stock market information will have positive impact on stock price volatility in the Nigerian financial market. Also given an average of 5.8417 and 5.6167 respectively, the respondents agree that absence of insiders dealing and absence of bribery and corruption will positively reduce stock price fluctuation in the Nigerian financial market. With the mean of 5.5667, the respondents agree that the use of modern technological innovation to track the stock market prices will reduced the erratic stock price fluctuation considerably. From the result of the multiple linear regression estimate of the model, it shows that environmental issues disclosure measured by EID, SID and GID together with investor savings purpose SPD have significant positive effect on the volume of stock purchased in the Nigerian financial market. This is indicated by the sign of coefficient, that $\beta_5$=0.049 > 0; $\beta_6$= 0.048 > 0;+ $\beta_7$=0.066> 0;+ $\beta_8$= 0.242 > 0. This result is consistent with *apriori* expectation that all the measure of environmental issues disclosure will have positive effect on investor's decision measured by Stock Price Volatility, (SPV). Therefore, the null hypothesis that environmental issues does not significantly affect stock price volatility in the Nigerian financial market is reject.

## Conclusion and Recommendation

The study focused on the effect of environmental issues disclosure on investor's stock price volatility in the Nigerian financial market. The study adopted the survey design approach. Six hundred structured questionnaires were administered on the staff of selected 11 banks out of the 21

money deposit banks in Nigeria as at 31 December 2017. Regression analysis was used to test the hypothesis formulated. Findings from the study reviewed environmental issues measured by environmental issues, social issues and governance issues have a significant positive effect on stock price volatility in the Nigerian financial market. It shows clearly that the business entities that objectively and transparently disclosed environmental issues as it affect their firms stand to reap bountifully from investors patronages. The study therefore, recommended that in preparing stock trading report and financial statements, environmental issues, social issues and governance issues should be taken into consideration to engender investors' confidence in the Nigerian financial market.

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